

## **Supporting Statement For HCFA Notice Medicare+Choice Beneficiary Notices, Volume 1**

### **A. Background**

The Center for Beneficiary Services is requesting approval of 5 Medicare +Choice (M+C) election notices that M+C organizations will be required to send to Medicare beneficiaries who submit applications for enrollment. The notices will be used to inform Medicare beneficiaries of the status and outcome of an application to enroll in a M+C organization. All M+C organizations will be required to use the language in these notices, but may print the notices on their business letterhead.

Neither the Health Care Financing Administration (HCFA) nor the M+C organizations will use such notices to collect and analyze data on beneficiary M+C enrollment. They are for information purposes only.

Detail on the use of each specific notice is as follows:

#### **1. *Confirmation of receipt of enrollment form***

Every beneficiary who completes and submits an application for enrollment into a M+C plan will receive this notice from the M+C organization. This notice is designed to inform the beneficiary that his/her application was received and is being processed by the organization. No action is required of the beneficiary when this notice is received.

#### **2. *M+C Organization denial of enrollment***

This notice will be sent to an individual who submits an application for enrollment if the M+C organization determines that s/he is not eligible. This notice is designed to inform the beneficiary of the specific reason for the denial. Reasons for denial include, but are not limited to, living outside of the service or continuation area, having end stage renal disease (ESRD), not being entitled to Medicare Part A or enrolled in Medicare Part B, etc.

*Note:* This notice is submitted in two versions. The first, called the “Manual Version,” is for M+C organizations that do not automate the generation of beneficiary notices and therefore need to create a notice in which an individual can check off the reason

for denial. The second version, called the “Automated Version” allows M+C organizations that can automate their notices to tailor the notice to the specific reason for denial.

3. *Request for more information to process enrollment*

This notice will be sent to an individual when additional information is needed to process the enrollment. For example, the M+C organization may need copies of evidence Durable Power of Attorney for signing of health care documents. This notice lists the specific information the organization needs to process the enrollment. The information is not used for data collection purposes; its purpose is to allow the enrollment to be processed. The beneficiary has 45 days to submit the necessary information.

*Note:* This notice is submitted in two versions. The first, called the “Manual Version,” is for M+C organizations that do not automate the generation of beneficiary notices and therefore need to create a notice in which an individual can check off the type of information needed. The second version, called the “Automated Version” allows M+C organizations that can automate their notices to tailor the notice to explain the specific type of information needed.

4. *HCFA rejection of enrollment*

This notice will be sent to an individual by the M+C organization when HCFA determines that the individual is not eligible to enroll. HCFA may determine the individual is ineligible to enroll because the individual has ESRD, is not entitled to Medicare Part A, is not enrolled in Medicare Part B, and/or has mistakenly enrolled in more than one M+C plan at a time. Upon receipt of HCFA’s reply regarding ineligibility, the M+C organization will send this notice to the beneficiary explaining the reason for rejection of enrollment. No action is required of the beneficiary when this notice is received.

*Note:* This notice is submitted in two versions. The first, called the “Manual Version,” is for M+C organizations that do not automate the generation of beneficiary notices and therefore need to create a notice in which an individual can check off the reason for rejection. The second version, called the “Automated Version” allows M+C organizations that can automate their notices to tailor the notice to the specific reason for rejection.

5. *Confirmation of enrollment*

This notice will be sent to an individual by the M+C organization as final confirmation that the enrollment is processed. The notice is designed to inform the beneficiary that enrollment in the M+C plan is in effect and to re-affirm the effective date of coverage. No action is required of the beneficiary when this notice is received.

B. Justification

1. **Need and Legal Basis**

Section 4001 of the Balanced Budget Act of 1997 amended the Social Security Act to add section 1851, including 1851(c)(1) which directs the Secretary to establish a procedure through which M+C elections are made and changed, including the form and manner in which such elections are made and changed. Section 4001 also added Section 1851(d) to require the Secretary to disseminate information to Medicare beneficiaries (and prospective Medicare beneficiaries) on the coverage options provided under M+C in order to promote an active, informed selection among the available options. The M+C enrollment notices are necessary to process an enrollment action when an election is made, and to disseminate information to beneficiaries on the status of their election.

Specific regulatory authority for the notices to confirm, reject, or deny enrollment are at 42 CFR 422.60(e)(3), (e)(4), and (e)(5).

2. **Information Users**

Neither the HCFA nor the M+C organizations will use these notices to collect and analyze data on beneficiary M+C enrollment. The “Request for more information to process enrollment” notice will be used by M+C organizations to collect remaining documentation in order to process a beneficiary’s election into an M+C plan.

3. **Improved Information Technology**

No data is being collected through these notices for analysis. Therefore, there is no information technology being used in conjunction with these notices to collect data.

4. **Duplication of Similar Information**

No data is being collected through these notices for analysis. Therefore, there is no duplication of data.

5. **Small Businesses**

There is no significant impact on small businesses. The purpose of these notices is to inform beneficiaries of the status of elections in M+C plans.

6. **Collection Frequency**

The purpose of these notices is to inform Medicare beneficiaries of the status and outcome of an application to enroll in a M+C organization.

All of the notices in this package are mailed by the M+C organization to Medicare beneficiaries. The notices are critical to ensuring that beneficiaries know when or whether to begin receiving their Medicare benefits through a M+C plan.

7. **Special Circumstances**

No special circumstances are expected with the collection of this information.

8. **Federal Register Notice/Outside Consultation**

a. **General Collection Guidelines**

This information collection is in conformance with the guidelines in 5 CFR 1320.6.

b. **Outside Consultation**

We have conducted consumer testing on these notices with Medicare beneficiaries and have incorporated the feedback into these notices.

c. **Public Comment**

Public comment will be solicited via a notice in the Federal Register.

9. **Payments/Gifts To Respondents**

No payment to respondents will be made.

10. **Confidentiality**

No assurances for confidentiality are necessary as data is not being collected. Furthermore, beneficiary-specific data is protected by the Privacy Act.

11. **Sensitive Questions**

No questions of sensitive nature will be asked.

12. **Burden Estimate (Total Hours & Wages)**

The burden estimate for each notice is as follows.

*HCFA Rejection of Enrollment notice*

The estimated annual hour burden for respondents is 1,261.

The estimated wage burden for record keepers is \$450.

This annual hour burden is based on 42,012 notices sent per year. Consumer testing has shown that each notice takes approximately 2.0 minutes (.03 hours) to read. This provides an annual burden of 1261 hours (42,012 x .03).

+ The estimate of 42,012 notices is based on the fact that HCFA's managed care processing system rejected 4,098 and 2,904 enrollment transactions in August and September 1999. Averaging and annualizing these numbers results in the estimation that 42,012 enrollment transactions were rejected. This means at least 42,012 enrollment rejection notices went to beneficiaries.

The wage burden is based on a GS 12-5 salary for a programmer to make system changes (i.e., an hourly rate of \$27.90). System changes are estimated to take 16 working hours. This provides a wage burden of \$450 (\$27.90 x 16 hours, and rounded to the nearest \$50).

*Confirmation of Enrollment notice*

The estimated annual hour burden for respondents is 40,316.

The estimated wage burden for record keepers is \$450.

This annual hour burden is based on 1,343,862 notices sent per year. Consumer testing has shown that each notice takes approximately 2.0 minutes (.03 hours) to read. This provides an annual burden of 40316 hours ( $1,343,862 \times .03$ ).

+ The estimate of 1,343,862 notices is based on the fact that HCFA's managed care processing system accepted 116,955 and 107,022 enrollment transactions in August and September 1999. Averaging and annualizing these numbers results in the estimation that 1,343,862 enrollment transactions were accepted. This means at least 1,343,862 enrollment confirmation notices went to beneficiaries.

The wage burden is based on a GS 12-5 salary for a programmer to make system changes (i.e., an hourly rate of \$27.90). System changes are estimated to take 16 working hours. This provides a wage burden of \$450 ( $\$27.90 \times 16$  hours, and rounded to the nearest \$50).

#### *Confirmation of Receipt of Enrollment Form notice*

The estimated annual hour burden for respondents is 64,293.

The estimated wage burden for record keepers is \$450.

This annual hour burden is based on 1,428,736 notices sent per year. Consumer testing has shown that each notice takes approximately 2.7 minutes (.045 hours) to read. This provides an annual burden of 64293 hours ( $1,428,736 \times .045$ ).

+ The estimate of 1,428,736 notices is based on the fact that HCFA's managed care processing system accepted 116,955 and 107,022 enrollment transactions in August and September 1999. Averaging and annualizing these numbers results in the estimation that 1,343,862 enrollment transactions were accepted. This means at least 1,343,862 enrollment confirmation notices went to beneficiaries.

The wage burden is based on a GS 12-5 salary for a programmer to make system changes (i.e., an hourly rate of \$27.90). System changes are estimated to take 16 working hours. This provides a wage burden of \$450 ( $\$27.90 \times 16$  hours, and rounded to the nearest \$50).

#### *M+C Organization Denial of Enrollment notice*

The estimated annual hour burden for respondents is 2,015.

The estimated wage burden for record keepers is \$450.

This annual hour burden is based on 42,862 notices sent per year. Consumer testing has shown that each notice takes approximately 2.8 minutes (.047 hours) to read. This provides an annual burden of 2015 hours ( $42,862 \times .047$ ).

+ The 42,862 notice estimate is based on an estimate that 3% of all applications received are denied. HCFA's managed care processing system received 121,053 and 109,926 enrollment transactions in August and September 1999. Averaging and annualizing these numbers results in the estimation that 1,385,874 enrollment transactions were received. This means that 1,385,874 represents 97% of applications received by the M+C organizations (since 3% are assumed to be denied). Therefore, the 3% of applications denied is equal to 42,862 applications. Therefore, 42,862 denial letters went to beneficiaries.

The wage burden is based on a GS 12-5 salary for a programmer to make system changes (i.e., an hourly rate of \$27.90). System changes are estimated to take 16 working hours. This provides a wage burden of \$450 ( $\$27.90 \times 16$  hours, and rounded to the nearest \$50).

#### *Request for More Information to Process Enrollment notice*

The estimated annual hour burden for respondents is 1,429.

The estimated wage burden for record keepers is \$450.

This annual hour burden is based on 28,575 notices sent per year. Consumer testing has shown that each notice takes approximately 3.0 minutes (.05 hours) to read. This provides an annual burden of 1429 hours ( $28,575 \times .05$ ).

+ The 28,575 notice estimate is based on an estimate that 2% of all applications received require more information. As noted above (under "confirmation of receipt of enrollment form notice"), we are estimating that a total of 1,428,736 applications were received from beneficiaries. This means 28,575, or 2% of applications, required a notice to request more information

The wage burden is based on a GS 12-5 salary for a programmer to make system changes (i.e., an hourly rate of \$27.90). System changes are estimated to take 16 working hours. This provides a wage burden of \$450 ( $\$27.90 \times 16$  hours, and rounded to the nearest \$50).

### 13. **Capital Costs**

Neither the HCFA nor the M+C organizations will use these notices to collect and analyze

data on beneficiary M+C enrollment. Therefore, there are no capital costs associated with these notices.

14. **Cost to the Federal Government**

No costs to the Federal Government are anticipated, as M+C organizations will print and mail all of these notices.

15. **Program Changes**

This is a new collection.

16. **Publication and Tabulation Dates**

Data will not be collected via these notices; therefore, publication of any data is not intended.

17. **Expiration Date**

Display of the expiration date is acceptable.

18. **Certification Statement**

No exception to Item 19 on OMB Form 83-I is requested.

C. **Collections of Information Employing Statistical Methods**

No formal data collection employing statistical methods will be performed.